COMPARISON OF REVENUE PROVISIONS OF H.R. 2310

(AIRPORT AND AIRWAY REVENUE ACT OF 1987)

AS PASSED THE HOUSE AND THE SENATE

Prepared for the Conferees

By the Staff

of the

JOINT COMMITTEE ON TAXATION

December 2, 1987

JCX-22-87

J862-46
S362-25
H782-51

INTRODUCTION AND LEGISLATIVE BACKGROUND

This document,[1] prepared by the staff of the Joint Committee on Taxation, provides a comparison of the revenue provisions of Title II of H.R. 2310 (Airport and Airway Revenue Act of 1987) as passed by the House and the Senate.

The House revenue title was approved by the Committee on Ways and Means on August 3, 1987,[2] and was included as Title II of H.R. 2310 as passed by the House on October 1, 1987. Title I of H.R. 2310 contains a 5-year extension of the Airport and Airway Trust Fund authorization programs (fiscal years 1988-1992).

The Senate revenue title was approved by the Committee on Finance on August 5, 1987,[3] and was included as Title II of S. 1184 as approved by the Senate on October 28, 1987. The provisions of S. 1184 as amended were then incorporated as the Senate amendment to H.R. 2310, and passed by the Senate on October 28, 1987. Title I of the Senate amendment contains a 3-year extension of the Trust Fund authorization programs (fiscal years 1988-1990).

---

[1] This document may be cited as follows: Joint Committee on Taxation, Comparison of Revenue Provisions of H.R. 2310 (Airport and Airway Revenue Act of 1987) (JCX-22-87), December 2, 1987.

[2] See Committee on Ways and Means, Explanation of the Airport and Airway Revenue Act of 1987 (WMCP:100-21), August 6, 1987.

[3] See Committee on Finance, Explanation of the Airport and Airway Revenue Act of 1987 (S. Prt. 100-41), August 1987.

Item	Present law	House Bill	Senate Amendment
EXTENSION OF AIRPORT AND AIRWAY TRUST FUND TAXES (H.R. 2410)			
1. Extension of aviation excise taxes			
a. Extension of present law aviation taxes	(a) Excise taxes are imposed on air passenger tickets (8 percent), domestic air freight (5 percent), international passenger departures ($3), and fuels for noncommercial aviation (12 cents per gallon on gasoline and 14 cents per gallon on other fuels). These taxes are scheduled to expire after December 31, 1987.	(a) Generally extends the present law aviation taxes for 5 years, from January 1, 1988 through December 31, 1992. (See also (b), below, relating to the "tax reduction trigger".)	(a) Generally extends the present law aviation taxes for 4 years, from January 1, 1988 through December 31, 1991. (See also (b), below, relating to the "tax reduction trigger".)
b. "Tax reduction trigger" and Trust Fund appropriations/ obligations	(b) Revenues from the aviation excise taxes are transferred to the Airport and Airway Trust Fund to finance certain Federal airport and airway programs. There is no provision for reduction or suspension of these taxes before the scheduled expiration if Trust Fund authorizations are not fully appropriated or if the unobligated Trust Fund balance exceeds a specific amount.	(b) Provides an automatic reduction in the aviation tax rates (other than the $3 departure tax) for transportation provided in any calendar year following a fiscal year (FY 1988 or later) for which total Trust Fund appropriations for (1) airport improvements, (2) airway facilities and equipment, and (3) research, engineering and development fall below 90 percent of the amount authorized for these three programs. The tax rates are to be reduced by the same percentage as the total appropriations shortfall for the three programs, but the tax rate reduction may not exceed 50 percent. Further, the tax rate reduction will apply only if the unobligated Trust Fund balance is $2 billion or more as of the end of the applicable fiscal year.	(b) Provides an automatic 50 percent reduction in each of the aviation taxes for 1991, if the unobligated Trust Fund balance exceeds $3 billion at the end of fiscal year 1990.

Item	Present law	House Bill	Senate Amendment
2. Exemption from tax for certain helicopters	Exemptions are provided from the air passenger ticket tax and the aviation fuels taxes for helicopters engaged in certain timber and oil, gas, or hard mineral exploration and development activities, provided that the helicopters do not use the federally assisted airport and airway system. The air passenger and air freight taxes generally apply with respect to amounts paid to a person engaged in the business of transporting persons or property by air for hire (i.e., commercial airlines). The air passenger and air freight taxes do not apply to transportation by an aircraft with a maximum certificated takeoff weight of 6,000 pounds or less, except when such aircraft is operated on an established line. Noncommercial aviation is subject to the fuels taxes rather than the ticket or freight taxes, as are aircraft subject to the 6,000 pound exception.	Provides a general exemption from the air passenger, air freight, and aviation fuels taxes for emergency medical helicopters when engaged in providing emergency medical services, where the helicopters (1) do not use the federally assisted airport or airway system, and (2) are owned or leased by a nonprofit health care facility and are operated exclusively under the control of such facility. Effective date.--Transportation provided after September 30, 1987.	Provides a general exemption from the air passenger ticket tax for helicopters not using the federally assisted airport or airway system, while subjecting such helicopters (other than those specifically qualifying for the timber, and oil, gas, or hard mineral exceptions) to the air freight tax (if applicable) or fuels taxes. Effective date.--Transportation provided after September 30, 1988, but does not apply to any amount paid on or before such date.
3. Extension of trust fund authority			
a. Transfer of revenues to the trust fund	(a) Revenues from the aviation excise taxes are transferred to the Airport and Airway Trust Fund through December 31, 1987.	(a) Extends the transfer for 5 years, through December 31, 1992.	(a) Extends the transfer for 4 years, through December 31, 1991.
b. Trust fund expenditure authority	(b) Authority to make expenditures from the Trust Fund expired after September 30, 1987.	(b) Extends the Trust Fund expenditure authority for 5 years, through September 30, 1992. (Title I of the House bill provides a 5-year extension of Trust Fund authorization programs, for fiscal years 1988-1992.)	(b) Extends the Trust Fund expenditure authority for 3 years, through September 30, 1990. (Title I of the Senate amendment provides a 3-year extension of Trust Fund authorization programs, for fiscal years 1988-1990.)
c. Trust fund expenditure purposes	(c) The Trust Fund statute authorizes expenditures from the Trust Fund for obligations incurred under the Airport and Airway Improvement Act of 1982 (and as authorized under applicable prior Acts) as in effect on the date of enactment of the 1982 Act.	(c) Updates the Trust Fund statute to include a reference to the Trust Fund programs authorized under H.R. 2310 as passed by the House.	(c) Updates the Trust Fund statute to include a reference to the Trust Fund programs authorized under H.R. 2310 as amended by the Senate.